

Grant Closeout Report
Gustavus Bulk Fuel Project
Project #340240

Background:

Location and Climate

Gustavus lies on the north shore of Icy Passage at the mouth of the Salmon River in the St. Elias Mountains, 48 air miles northwest of Juneau. It is surrounded by Glacier Bay National Park and Preserve on three sides and the waters of Icy Passage on the south. Glacier Bay Park is 3.3 million acres and offers 16 tidewater glaciers. The community lies at approximately 58.413330° North Latitude and - 135.736940° West Longitude. (Sec. 12, T040S, R058E, Copper River Meridian.) Gustavus is located in the Juneau Recording District. The area encompasses 29.2 sq. miles of land and 10.0 sq. miles of water.

History, Culture and Demographics





When Capt. George Vancouver sailed through Icy Strait in 1794, Glacier Bay was completely covered by the Grand Pacific Glacier. Over the next century, the glacier retreated some 40 miles, and a spruce-hemlock forest began to develop. By 1916, it had retreated 65 miles from the position observed by Vancouver in 1794. Gustavus is located on a flat area formed by the outwash from the glacier, and the area is still growing. Gustavus began as an agricultural homestead in 1914. It was once known as Strawberry Point due to the abundant wild strawberries. The current name was derived from Point Gustavus, which lies 7 miles to the southwest. Glacier Bay National Monument (including Gustavus) was established by President Calvin Coolidge in 1925. After many appeals, the homesteaders were able to keep their land, and the Gustavus area was excluded from the monument. It became a national park in 1980 with the passage of the Alaska National Interest Lands Conservation Act. The City of Gustavus was incorporated on April 1, 2004.

This project provided a new code-compliant bulk fuel facility for the City of Gustavus. The existing bulk fuel facility was out of compliance with State and federal codes and regulations and at the end of its useful life. The new facility includes sufficient diesel #1 and #2 and gasoline storage to meet the projected needs of the community.

Activities:

Project Milestones for Alaska Energy Authority Project #340240
Gustavus Bulk Fuel Facility

4 Milestones Found

	Milestone	Planned		Actual		Units	Total Cost At Completion
		Start Date	End Date	Start Date	End Date		
	Conceptual Planning	03/01/2004	06/01/2005	03/01/2005	11/14/2005	150,000 Gallons	\$1,683,579.00
	Final Design	11/15/2005	06/30/2006	11/15/2005	07/30/2009	159,000 Gallons	\$1,683,579.00
	Construction	07/01/2009	12/31/2009	07/30/2009	06/30/2011	159,000 Gallons	\$1,500,000.00
	Project Close-out	07/01/2011	07/31/2011	07/01/2011		0 Gallons	\$0.00

Project Costs:

Funding for Alaska Energy Authority Project #340240 Gustavus Bulk Fuel Facility

[Add New Other Funding Source](#)

2 Sources Found

	Award	Amount	Expended	Remaining	% Exp.
	0048-DC-2002-11	\$143,474.04	\$143,474.04	\$0.00	100%
	331-07	\$1,460,000.00	\$1,390,275.64	\$69,724.36	95%
Total Denali Commission Funding:		\$1,603,474.04	\$1,533,749.68	\$69,724.36	96%
Total Project Funding:		\$1,603,474.04	\$1,533,749.68	\$69,724.36	96%

Project Outcomes:

A code compliant 159,000 gallon bulk fuel storage facility.

Problems Encountered:

This project was met with a number of challenges. Not long after the original award, the electric utility received funding to start construction on the Falls Creek Hydro. At the same time, AEA recognized that the old powerhouse was in poor condition and unable to interface effectively with the new hydro project. Eventually, this lead to a new Denali Commission-funded powerhouse, coordinated diesel and hydro controls, and a fiber optic cable connecting the two powerhouses. The tank farm was delayed during this period to pursue these other projects and also to allow time for AEA and the City to address site control issues.

Site control issues on this project included: the need to convey the site from the State to the City, a quiet title action that stipulated the project site and adjoining lands were only to be used for historic and recreational purposes, other covenants on the use of the land, a neighbor's objection to the perceived aesthetic impact, the need for an electrical line extension to bring power to the site, uncertainty regarding DOT's site control over

the adjacent dock road, and concerns regarding possible contamination from the old tank farm. These were all resolved with the assistance of the City, DNR, DOT, FAA, and DEC over a three year period.

In 2006, Department of Transportation (DOT) funded a new dock project, directly impacting the tank farm plans. The barge header design was changed to put the new header on the new dock instead of the old dock.

In the fall of 2008 site contamination concerns needed to be addressed. DEC performed a site investigation using a private contractor and determined the bulk fuel project could continue.

Finally, in the fall of 2009 a local contractor damaged one of the bulk tanks during off-loading. An insurance claim was filed and these items were addressed satisfactorily.

Construction began in the summer of 2009 and was substantially completed in 2010. However, conflict arose between the City Council, Gustavus Dray (the operator), and AEA related to the Private Enterprise Policy.

In 2011, AEA recognized that its relationship with the City Council had deteriorated to the point that it could not complete the final portion of the project (piping and header system on the new DOT dock). The project was transferred to the Denali Commission for completion. AEA completed its punch list items of as-built drawings, Procedures and Maintenance Manual, and spill response equipment. The Denali Commission completed the dock piping and header.

The Denali Commission and AEA met with the City Council to try to resolve the ongoing concerns with the project in summer 2011. Eventually, Joel Niemeyer, federal co-chair, asked a federal mediator to assist. As of summer 2012, the conflicts are ongoing.

Conclusions and Recommendations:

These are left to the final report of the federal mediator.